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# **SOUTH FLORIDA WATER MANAGEMENT DISTRICT**



## **Audit of Cost Sharing and Cooperative Agreements with Local Governments and Other Entities**

**Audit #97-03**

**Prepared by  
Office of Inspector General**

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## **INTRODUCTION**

This report represents the results of our audit of cost-sharing and cooperative agreements with local governments and other entities. Our audit was performed pursuant to the FY97 Audit Plan.

## **BACKGROUND**

The District provides funding to local governments, private utilities, not-for-profit organizations, and educational institutions through cost-sharing and cooperative agreements for water resource and conservation projects and environmental education programs. Cost-sharing and cooperative arrangements are defined as agreements with local governments or other entities, wherein the District agrees to fund a percentage or all of the total cost of a mutually beneficial project.

Cooperative opportunities are identified by Service Center and other District staff through interactions with local government representatives and departments such as Planning. For District consideration these opportunities must be consistent with local government comprehensive plans and District priorities and plans. The District also partners Alternative Water Supply projects with local governments and private utilities in accordance with legislation mandating District funding assistance for such projects. Generally, cost-sharing partners assume primary responsibility for the management and performance of the sponsored project. They perform the solicitation, select the contractor, and contract with the service provider. The District's on-going participation in the project is usually limited to ensuring that those tasks and deliverables identified in the agreement with the cost-sharing partner are satisfactorily completed.

A special procurement provision of the Procurement and Contracting Policy governs the competitive requirements for cost-sharing or cooperative projects with local governments or other entities. Partnering projects with local governments do not require competitive solicitation. Similarly, cost-sharing or cooperative agreements with not-for-profit organizations and educational institutions also do not require competition unless one or more entities can provide comparable products or services. The District has established a relationship with the Florida State Universities Board of Regents that, in essence, assigns solicitation responsibilities to the Center for Environmental Studies for competing research-type projects among State educational institutions.

Project funding is determined during the budget process and is dependent on the District's priorities, plans, and needs. In FY96, the District budgeted \$9.7 million and expended \$6.9 million for cost-sharing and cooperative projects. Included in the

budget total was approximately \$4.5 million in funding assistance to local governments for stormwater management and water conservation projects, which represented 46% of budgeted cooperative initiatives. Other significant projects in which the District provided funding were environmental education and water supply planning. FY97 and FY96 budgeted and expended totals by classification were as follows:

	<b>FY97 Budget</b>	<b>FY97 Actual</b>	<b>FY96 Budget</b>	<b>FY96 Actual</b>
Local Governments	\$11,190,265	\$4,225,752	\$5,193,500	\$4,241,820
Public Universities	3,234,489	1,940,334	3,350,372	1,455,321
Not-For-Profit	895,834	1,583,729	1,083,216	1,076,747
Private Universities	<u>507,572</u>	<u>203,065</u>	<u>95,500</u>	<u>195,363</u>
Total	<u>\$15,828,160</u>	<u>\$7,952,880</u>	<u>\$9,722,588</u>	<u>\$6,969,251</u>

The increase in the FY97 budget total for cost-sharing and cooperative agreements as compared to the prior year was due to the implementation of the “Alternative Water Supplies Act” (the “Act”). The Act directs the District to provide local governments and private utilities with financial and technical assistance for development of Alternative Water Supply systems. Such systems include aquifer storage and recovery, reverse osmosis, and wastewater reuse technologies. The District’s Governing Board approved a tax increase of 1/40 of a mill for FY97, dedicated exclusively for Alternative Water Supply projects. In FY97, the District funded 21 projects at \$5.7 million with the additional proceeds. The maximum District funding for each project was the lesser of \$300,000 or 50% of project costs. Although the District budgeted for other cost-sharing arrangements, Alternative Water Supply projects represented approximately 50% of the total budgeted cost-sharing with local governments. The District’s Alternative Water Supply Funding Program Guidelines limit project funding to capital or infrastructure costs.

An advisory committee of eight outside members was appointed to evaluate and recommend Alternative Water Supply projects to the Governing Board for funding approval. The Act does not limit the size of the committee or preclude District employees from serving on the Advisory Committee. However, at a minimum, the Act requires a diverse membership representing government, private utilities, and agricultural and environmental interests.

The District uses a Request for Proposal (RFP) process to competitively solicit Alternative Water Supply proposals. Written guidelines incorporated into the RFP establish criteria for evaluating and ranking proposals. The Planning Department and the Procurement Division manage the initial proposal process and the Regulation

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Department and Service Centers provide additional assistance. After Governing Board funding approval, the projects are usually managed by the Service Center or the Department of Government and Public Affairs and the Procurement Division. Staff of the Office of Government and Public Affairs, Service Centers, and the Departments of Planning and Ecosystem Restoration managed approximately 90% of these cost-sharing and cooperative agreements.

Local government and other entity personnel managing District cost-sharing and cooperative agreements were pleased with the service center concept and believed that it facilitated communication with District personnel.

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## **OBJECTIVES, SCOPE AND METHODOLOGY**

The purpose of our audit was to assess the controls over monitoring grantee conformance with contractual terms and to ensure that District funds were used for the intended purpose. Our risk assessment identified cost-sharing and cooperative agreements that were managed by offsite personnel as having the most risk. The audit sample selected for review consisted of twelve agreements substantially completed during FY96 of which seven were managed by staff at the District's Service Centers. Our sample did not include agreements with agencies of the Federal Government and the State of Florida. Audit procedures included the following:

- C Review of the District's contract administrator and project manager files.
- C Review of local government and other organization's records.
- C Interviews with cost-sharing partner and District project managers.
- C Site visits.
- C Assess whether performance measurements for programs/projects were established and whether the desired results are being achieved.

We also reviewed the process of evaluating and ranking Alternative Water Supply cost-sharing proposals submitted for FY97 funding. Our primary objective was to ensure compliance with Section 373.1961, Florida Statutes and District guidelines.

Our audit was conducted in accordance with generally accepted government auditing standards.

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## **FINDINGS AND RECOMMENDATIONS**

### **I. Summary**

With few exceptions, District management substantiated that the cost-sharing partners used the District funding for its intended purpose. However, project monitoring and administrative controls could be improved. For certain complex cost-sharing agreements, we found that the assigned District project managers did not possess the requisite knowledge and expertise to perform the monitoring function. As a result, the District made payments to cost-sharing partners of \$22,500 for legal fees beyond the scope of the agreement. In another instance, \$185,844 in payments was made for unsubstantiated in-kind services, which should have been, at the least, questioned. We recommend that the District seek further substantiation for these expenditures.

Under an agreement, 100% funded by the District, a local government negotiated a contract with two engineering firms to perform the work. However, District staff did not get involved in the negotiations and, according to contract administrators, the hourly rate approved for the consultant's staff was high. A comparison between an average of consultant hourly rates negotiated by District staff and the local government's negotiated rate revealed that consultant hourly rates negotiated by District staff were approximately 10% lower.

To simplify project monitoring, we have recommended that the District eliminate progress payments, except in defined circumstances, and make one payment upon project completion for Alternative Water Supply and other cost-sharing and cooperative projects.

Our audit also included a review of the Alternative Water Supply Program, particularly monitoring and administration of this program. The Alternative Water Supply Program is relatively new. Under the direction of the Planning Department, the Office of Enterprise Engineering, and the Procurement Division, we have observed improvements and a continuing effort to fine-tune the Alternative Water Supply Grant Program.

The benefits that accrue to the District for funding cost-sharing and cooperative agreements are: funds committed by the cost-sharing partner reduce District project costs, reductions in District project administration, and improved District goodwill among local governments. However, when District delays cause project slow downs, the goodwill and administrative cost reductions erode.

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During FY97, only fourteen agreements of the twenty-one approved Alternative Water Supply projects were executed. In addition, the District has not expended any FY97 budgeted funds for the approved Alternative Water Supply projects although the legislation requires all District funds budgeted for Alternative Water Supply projects to be disbursed by the end of the fiscal year. According to the Office of Counsel, encumbering any unexpended funds is sufficient to meet the Act's disbursement criteria. The slow project completion rate was primarily due to delays in the District's administrative contracting process and the cost-sharing partner's apprehension to go forward with the project until an agreement committing District funding was finalized. The District's contract processing problems are being resolved which should eliminate District initiated delays.

Under another relatively new program, the District has committed to a four-year partnership with the Center for Environmental Studies (CES) to, in part, foster a relationship with the research community and compete District research-type projects among State educational institutions. Although the District has committed a significant amount of resources to this venture, the District could demonstrate more of a commitment to use CES as a resource tool for soliciting research projects. An effort to heighten staff awareness and to develop a process for identifying research projects during the budget process that can be solicited by the CES could improve participation.

Finally, management has not established a performance measurement system to evaluate the efficiency and effectiveness of the Alternative Water Supply Program. A performance measurement system can also be used to evaluate other District programs.

Details of our findings and recommendations follow.



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## **II. Project Management**

### **Experience and Expertise of Project Managers**

Our review of two cooperative agreements, in which the District funded 100% of the project costs revealed that the scope of work contained complex legal and engineering components necessitating a multi-disciplined project management team to monitor and direct the contractors. Although the objectives of the project were satisfactorily accomplished, the District and cooperative partner's project managers assigned to the project could have benefited from a project management team that was composed of personnel possessing experience in these fields.

The nature of cost-sharing and cooperative projects requires trust and reliance on the cost-sharing or cooperative partner's experience and level of in-house expertise to negotiate the best contractual terms and conditions with a contractor, monitor the work, and successfully complete the project, particularly if the District is providing 100% of the funding. Likewise, successful District project management and monitoring of a cooperative agreement is dependent on the skill and technical expertise of staff assigned to oversee the project.

The District entered an agreement to fund all legal and consultant-engineering costs related to the merger of three utilities into one utility authority. The eventual benefit accruing to the District for funding the Utility's formation costs was an improved effluent removal system around the northern rim of Lake Okeechobee. The Utility Board engaged an outside law firm to perform the legal work and the outside attorney engaged a consulting engineer to perform engineering work. While the agreement with the Utility did not require the use of the District's boilerplate legal contract, the Utility could have benefited from its use as it represents the District's vast experience and expertise in these matters.

The District's project manager approved payments of \$410,000 for legal fees and engineering costs related to the Utility's formation. The District's project manager was a Service Center governmental representative, and the Utility's employee assigned to manage the agreement possessed plant operations experience; neither had the multi-disciplined background to manage the agreement. Our review of the detailed outside attorney billing statements submitted by the Utility indicated that the District erroneously paid \$22,500 for general counsel services which were not within the agreement's scope of work. Also, District staff did not request supporting documentation for miscellaneous charges and other ancillary costs contained in the outside attorney billing statements.

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Under another cooperative agreement with a local government for an aquifer storage and recovery project, funded 100% by the District, the local government negotiated a contract with two engineering firms to perform the work. However, District staff did not get involved in the negotiations and, according to contract administrators, the hourly rate approved for the consultant's staff was high. A comparison between the consultant hourly rates negotiated by District staff (relating to the Everglades Restoration project) and the local government's aquifer storage and recovery project revealed that District negotiated rates were approximately 10% lower. The 10% difference would result in savings of nearly \$30,000.

**Recommendations:**

- 1. Project managers should identify the circumstances and technical skills necessary to manage agreements and solicit the support of staff possessing those essential qualifications.**

Management Response:

Management concurs with the recommendation.

Responsible Divisions: Various  
Estimated Completion Date: On-going

- 2. In situations where the District funds 100% of a cooperative project, District staff with expertise in the agreement's subject matter should review the contract between cooperative partners and contractors to ensure that agreements contain reasonable and acceptable terms and conditions.**

Management Response:

Management concurs with the recommendation.

Responsible Divisions: Various  
Estimated Completion Date: On-going

- 3. The District should pursue reimbursement from the Utility for \$22,500 of general counsel services that were not within the scope of the agreement and paid in error.**

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### Management Response:

Management concurs with the recommendation and has completed arranging for the substitution of allowable costs under the agreement's scope of work for the \$22,500 of general counsel services.

Responsible Division: Okeechobee Service Center  
Estimated Completion Date: December 1998

### Questionable Payments

District project managers did not adhere to the terms and conditions of cost-sharing agreements by approving progress payments and a cost-sharing partner's unsubstantiated overhead costs.

The District entered into a cost-sharing agreement with a local government to participate in several phases of a multi-phased stormwater management construction project. Although the project was completed in accordance with drawings and specifications, there were deviations from the agreement's payment terms. The agreement stipulated that the District make one payment upon completion of the project for its cost-sharing commitment. However, the local government invoiced the District for a construction progress payment of \$100,529, representing approximately 60% of the District's portion. Contrary to the agreement's terms, the District paid the invoice. The project manager also neglected to obtain a copy of the local government's contract with the construction company. Obtaining a copy of the contract supporting the total project costs and the District's commitment is essential, particularly for this multi-phased project in which the District committed to funding only a portion of two phases.

Under another agreement, a District project manager approved payments for local government overhead charges which were unsubstantiated and not written into the agreement. The agreement obligated the District to pay the lesser of 50% of the actual contractual costs incurred or \$1,716,000. The actual project costs were \$2,650,000 of which the District's portion should have been \$1,325,000. However, the District paid the local government \$1,510,844 or \$185,844 more than the District was obligated to pay. Our discussion with the local government's chief engineer disclosed that these costs included the City's in-kind services of \$185,844 for in-house design, project administration, and design. The local government had neither a manual nor automated job costing system that captured employee time. In the absence of a job order cost accounting system, these costs should have been flagged and questioned by the District.

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**Recommendations:**

- 4. District project managers should adhere to agreement terms and conditions.**

Management Response:

Management concurs with the recommendation.

Responsible Divisions: Various  
Estimated Completion Date: On-going

- 5. The District should limit in-kind services when calculating the cost-sharing partner's contribution to a project.**

Management Response:

Management concurs with the recommendation and will limit in-kind services to documented direct costs of the project.

Responsible Divisions: Various  
Estimated Completion Date: On-going

- 6. The District should seek repayment of unsubstantiated charges totaling \$185,844.**

Management Response:

Management concurs with the recommendation through a substitution of allowable costs of \$185,844.

Responsible Division: Miami-Dade Service Center  
Estimated Completion Date: On-going

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### **III. Program Issues**

#### **Alternative Water Supply Improvements**

Under the direction of the Planning Department, the Office of Enterprise Engineering and the Procurement Division, we observed improvements and a continuing effort to fine-tune the Alternative Water Supply Grant Program. During our audit of intergovernmental agreements, a group of employees, including a representative from the Office of Inspector General, was assembled in order to analyze the award process and recommend improvements. The group's primary focus has been to streamline the application process by standardizing a grant type format rather than the present RFP process.

Advisory Committee members have also suggested enhancements to the process. One suggestion recommended that District staff, with technical knowledge of the proposals, prepare written reports on technical issues (such as the proposed project's consistency with water supply and other plans) and attend the oral presentations as a technical reference for Committee members. Since the inception of the program, Committee members have increasingly relied on the technical abilities of District staff to assist with Alternative Water Supply proposal evaluations.

Recommendations and program changes need to be consistently incorporated in the program documents such as the evaluation criteria and written guidelines. We noted an inconsistency between the FY97 Alternative Water Supply Grants Program evaluation criteria and the criteria used to rank the projects. According to the Request for Proposal (RFP), the District was to provide preferences for proposals that had a greater than 50-50 cost share. However, the evaluation criteria used to rank the projects did not provide a preference for increased local government participation and only considered that the cost-sharing portion was a minimum of 50%.

Cost-sharing partners are not normally required to present a summary of completed Alternative Water Supply projects. However, we noted that a cost-sharing agreement required the cost-sharing partner to make a presentation of the project at one of the South Florida Water Management District's Utility Advisory Committee regular meetings. The underlying purpose of this requirement is to create a conduit for sharing project results and promoting proven innovative techniques.

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**Recommendations:**

- 7. After finalizing District improvements, the changes should be consistently reflected in the program documents.**

Management Response:

Management concurs with the recommendation.

Responsible Departments: Planning and Regulation  
Estimated Completion Date: On-going

- 8. District management should consider including a provision requiring the cost-sharing partner to present a summary of the project in all Alternative Water Supply cost-sharing agreements.**

Management Response:

Management concurs with the recommendation.

Responsible Departments: Planning and Regulation  
Estimated Completion Date: March 1998

**Alternative Water Supply Project Completion Rate**

Our analysis of the 21 projects funded for FY97 indicates that fourteen cost-sharing agreements were executed, three were carried forward to FY98, two were cancelled by the cost-sharing partner and two are in the contract preparation phase. The District has not expended any FY97 budgeted funds for the approved Alternative Water Supply projects.

Unexpended funds are encumbered and carried forward to the next fiscal year provided that an agreement has been finalized. The Act requires all District funds budgeted for Alternative Water Supply projects to be disbursed by the end of the fiscal year. According to the Office of Counsel, encumbering any remaining funds is sufficient to meet the Act's disbursement criteria. Alternatively, disbursing the funds before completion of project deliverables undermines the District's internal controls and its fiduciary responsibility over taxpayer funds.

The slow project completion rate was primarily due to delays in the District's administrative contracting process and the cost-sharing partner's apprehension to go forward with the project until an agreement committing District funding was

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finalized.

Also, the evaluation criteria include innovation when ranking Alternative Water Supply projects. Innovation can be a double-edged sword. On the one hand, a project could be highly innovative and potentially further the advancement of alternative water supply technology, but on the other hand, obtaining the required permits from the State's Department of Environmental Protection (DEP) for the project could be a long involved process. The DEP has delegated part of its permitting authority to the Department of Health and Rehabilitative Services for projects effecting a potential potable water source, which could result in a longer permitting process. The District's Regulation Department has become more involved in reviewing the permitability of proposed projects.

**Recommendations:**

- 9. The Regulation Department should routinely review projects for permitability and determine the approximate time frame for obtaining a permit.**

Management Response:

Management concurs with the recommendation that the Regulation Department should review projects for permitability as part of the District's evaluation process for prioritizing and recommending projects for funding.

Due to the conceptual nature of the proposals and lack of permit-level detail, Regulation cannot definitely make a determination on permitability or the approximate time frame for obtaining all necessary permits. However, Regulation can provide early identification of any major permitting obstacles.

Responsible Department: Regulation  
Estimated Completion Date: March 1998

- 10. The District should consider amending the evaluation criteria and include project readiness as an award factor.**

Management Response:

Management concurs with the recommendation.

Responsible Departments: Planning and Regulation  
Estimated Completion Date: March 1998

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## Alternative Water Supply Design and Permitting Costs

The District's Alternative Water Supply Funding Program Guidelines limit funding to capital and infrastructure costs of construction. Our review of fourteen executed cost-sharing agreements indicated that three included District payments of approximately \$207,000 for design and permitting costs which are not capital or infrastructure.

### Recommendation:

- 11. District personnel responsible for preparing Alternative Water Supply agreements should adhere to the District's Alternative Water Supply Guidelines and discontinue the practice of obligating the District for non-capital and non-infrastructure costs.**

Management Response:

Management concurs with the recommendation.

Responsible Divisions:           Various  
Estimated Completion Date:   March 1998

## Center for Environmental Studies

Although the District has committed a significant amount of resources to the Center for Environmental Studies (CES) venture, the District could demonstrate more of a commitment to use CES as a resource tool for soliciting research projects.

The District has committed to a four-year partnership with the CES to, in part, foster a relationship with the research community and compete District research-type projects among State educational institutions. In the long-term, it is intended to allow District scientific and engineering staff to concentrate on projects rather than administrative tasks. An additional benefit to the CES program is that it provides competition for District research projects where none previously existed.

Over the four-year contract period, the District has pledged to provide approximately \$1.7 million in funding support, of which \$1.05 million is budgeted for the District's share of CES personnel and facilities cost and \$640,000 is available for research projects. The District may terminate the agreement at its convenience.

During FY97, a budget amendment increased the funding allocation for the fiscal year to \$946,017 for personnel services and research projects. This allocation is



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intended to fund research projects and other services provided through the CES contract. However, at September 1997, only one research project for \$35,750 has been competed through the CES.

Considering that the CES partnership is relatively new, an effort to heighten staff awareness and to develop a process for identifying research projects during the budget process that can be solicited by the CES could improve participation.

**Recommendation:**

- 12. Research projects that can be solicited through the CES should be identified during the budget process and be earmarked for CES solicitation.**

**Management Response:**

Management concurs with the recommendation. Since our partnership agreement with CES is relatively new, we have had to work hard at communicating with District staff regarding the potential services and support available. We believe we have turned the corner, since the FY98 budget for this agreement is over \$2,500,000. This figure includes funding for 24 contracts from three different departments.

Responsible Division: Field Research Operations  
Estimated Completion Date: On-going

**Performance Measurement**

Management has not established a performance measurement system to evaluate the efficiency and effectiveness of the Alternative Water Supply Program. A performance measurement system should measure the results and accomplishments of a program over time and provide useful information for decision-making and program management. Input and output measures must be definable, countable, and readily measurable. For example, Alternative Water Supply Program inputs might be defined as District funding and outputs might be water saving.

While the District has developed an objective for the Alternative Water Supply Program it is not specifically defined and is, therefore, difficult to measure. The program's objective is "to encourage technologies for water supply by giving a funding jump-start to such projects." The District's anticipated benefits are threefold, (1) reducing the demand for potable water through the use of alternative

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technologies, (2) enhancing the environment by using waste materials that would have to be disposed of anyway, and (3) developing relations with local governments. The District's investment in the program for FY97 and FY98 is \$5.7 million and \$4.9 million, respectively. The District has made a long-term commitment to fund this program.

A performance measurement system is not limited to the Alternative Water Supply Program. It can be developed and used to evaluate many District programs.

**Recommendation:**

- 13. The District should re-define the Alternative Water Supply Program objectives and develop performance measures to evaluate the program's efficiency and effectiveness. The District could also apply the same performance measurement principles to other programs.**

Management Response:

Management concurs with the recommendation and it will be part of the District's movement toward a performance based program budgeting system.

Responsible Divisions: Various  
Estimated Completion Date: March 1998

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## **IV. Administration**

### **Progress Payments**

Progress or multiple payments place a significant administrative burden on the District and the cost-sharing partner. Eliminating progress payments would significantly reduce the need for interim monitoring and simplify contract deliverables and documentation verification.

Of the fourteen executed cost-sharing agreements that we reviewed, eleven require the District to make progress or multiple payments to the cost-sharing partner for construction in process. For two cost-sharing agreements, we noted that the scheduled progress payments did not have a direct relationship with the project's percentage of completion, in essence providing cash flow to the cost-sharing partner. These agreements obligate the District to make a significant payment before or at the start of construction. Another agreement in the execution process requires the District to make two equal progress payments totaling \$300,000 when 30% and 60% of the construction work is completed.

Under an agreement with a local government, documentation supporting a cost-sharing partner's request for two-thirds of the District's funding commitment indicated that a significant portion of the invoiced project costs was for materials purchased but not yet used by the contractor. Although it is the District's customary practice to pay contractors for materials purchased, it is also a good control to require shipping documents and materials invoice documenting that the materials are on hand. The cost-sharing partner's request for payment did not include evidence documenting that the materials were purchased.

Under another agreement with a local government, the schedule of payments and deliverables required the District to make three payments to the local government on specified dates, rather than upon satisfactory acceptance of project deliverables. In accordance with the agreement terms, the District's project manager approved the first payment but justifiably withheld the second and third payments because of project delays and problems with agreement deliverables. Approximately nine months beyond the expected project completion date, the District has received all contract deliverables and full payment was made to the local government.

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## Recommendations:

- 14. The District should consider eliminating progress payments in cost-sharing agreements, except in defined circumstances where progress or multiple payments based on the percentage completed could be used.**

Management Response:

Management concurs with the recommendation.

Responsible Division: Procurement  
Estimated completion Date: July 1998

- 15. Contractual terms and conditions obligating the District to make payments should be based on satisfactory completion and acceptance of project deliverables.**

Management Response:

Management concurs with the recommendation.

Responsible Division: Procurement  
Estimated Completion Date: On-going

## Period of Performance

Under two successive cooperative agreements with the same cooperative partner, the period of performance for both agreements predated their effective dates. Also, the period of performance of the second agreement overlapped the first agreement's period of performance.

On March 31, 1995, the District entered into a cooperative agreement for \$350,000 with a Utility to provide all the necessary funding for the completion of its legal formation and operations for the contract term. The Utility used the majority of District funding to pay an outside attorney for legal work related to its formation.

After closing this agreement, the District entered into another agreement on January 12, 1996, with the Utility for \$250,000 to address title issues related to its formation and support the planning, design permitting functions, and operations from October 1, 1995 to September 30, 1996.

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The first cooperative agreement was signed on March 31, 1995, however, the period of performance commenced March 17, 1995, and terminated December 31, 1995. The second agreement was signed on January 12, 1996; the period of performance was from October 1, 1995 through December 31, 1996.

During the periods March 17, 1995 through March 31, 1995, and October 1, 1995 through January 12, 1996, the District incurred expenses of \$12,165 and \$40,275, respectively.

**Recommendation:**

- 16. The District should not prepare or enter into agreements in which the period of performance predates the effective date of that agreement or overlaps a previous agreement with essentially the same scope of work.**

Management Response:

Management concurs with the recommendation.

Responsible Division: Procurement  
Estimated Completion Date: On-going

**Tracking M/WBE Participation Commitment**

The District, when evaluating proposals of local governments or other entities for cost-sharing projects, assigned preference points for minority/women business enterprise (M/WBE) participation.

Of the 21 Alternative Water Supply projects approved for funding, the top 13 committed to M/WBE participation. Those commitments significantly effected the rankings. The Office of Supplier Diversity and Outreach reviews the proposed M/WBE participation and assigns preference points to the project for participation. Monitoring the actual participation has been assigned to project managers. Unlike the District's process for verifying contractor M/WBE commitment, there is no formal mechanism to ensure that under cost-sharing arrangements the M/WBE participation has been fulfilled.

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**Recommendation:**

- 17. The District's project manager should verify minority/women business enterprise participation, after the project is complete, to determine whether the local government or other entity complied with the terms of the agreement relating to the percentage of M/WBE participation.**

Management Response:

Management concurs with the recommendation.

Responsible Office: Supplier Diversity and Outreach  
Estimated Completion Date: June 1998

**Fixed Assets**

The District does not have a procedure to ensure that the Accounting Division is made aware of equipment, which is purchased and used by a contractor in performing the contracted services. When equipment purchases are part of a contract, it is essential that project managers notify the Accounting Division to record the asset in the fixed asset accounting system.

A cooperative agreement for water quality monitoring services stipulated that the District purchase equipment valued at approximately \$8,000 to facilitate the contractor's water quality analysis. Upon completion of the agreement, the cooperative partner was to return the equipment to the District.

Based on discussions with the District's project manager, the cooperative partner continues to provide water quality monitoring services under another agreement and is still using the equipment. However, our review of the new agreement revealed that a provision, requiring the cooperative partner to return the equipment after completion of the contract, was not included. Without this provision and a record in the fixed asset accounting system, the District asset can be easily overlooked and forgotten.

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**Recommendation:**

- 18. Develop a procedure to ensure that the Accounting Division is notified of equipment purchased pursuant to an agreement and is on loan to a grantee for the contract period. In accordance with the Fixed Asset Guidelines, the asset should be recorded in the fixed asset accounting system upon grantee acquisition, except where the agreement specifies that the asset's ownership will remain with the grantee upon expiration of the contract.**

Management Response:

Management concurs with the recommendation.

Responsible Division: Procurement  
Estimated Completion Date: On-going

## South Florida Water Management District Schedule of Agreements Selected for Review

<u>Grantee</u>	<u>Contract Number</u>	<u>Description</u>	<u>Contract Amount</u>
Palm Beach County	C-6965	EAA Parcel Mapping	\$134,208
City of West Palm Beach	C-6110	AWT/Constructed Wetland	400,400
City of Miami	C-3271	Stormwater Retrofit	1,603,705
Village of Key Biscayne	C-6109	Stormwater Retrofit	166,681
City of Cape Coral	C-7120	Santa Barb. Stormwater Proj.	331,914
Metro Dade	C5131-A1	Biscayne Bay Monitoring	608,333
Broward County	C-3126	Water Supply Plan	2,300,000
Okeechobee Utility	C-6134	Okee. Utility Authority Start	350,000
Osceola Board of County Comm.	C-5156	Stormwater Master Plan	250,000
Martin County Utilities	C-7143	Wastewater Reuse	250,000
Florida Atlantic University	C-5240	Pigment Analysis	606,731
Florida International University	C-4244	C111/Taylor Sl. Veg. Anal.	149,611
Total			<u>\$7,151,583</u>

### FY97 Alternative Water Supply Projects Approved for Funding

City of Miramar	*	Reclaimed Water System	\$300,000
Southern States Utilities	*	Reuse Project for Irrigation	300,000
Florida Keys Aqueduct	C-8840	Reverse Osmosis	300,000
City of Fort Lauderdale	C-8853	Aquifer Storage And Recovery	300,000
City of Boca Raton	C-8114	Reclaimed Water System	300,000
Palm Beach County	C-8115	Floridan Aquifer Well	300,000
Miami-Dade Water and Sewer	*	Water Reuse System	300,000
Palm Beach Co. Southern Region	C-8116	Water Reclamation Facility	300,000
St. Lucie County Utilities	C-8863	Water Main	50,200
Miami-Dade Water and Sewer	*	Aquifer Storage And Recovery	300,000
Town of Jupiter	C-8118	Jupiter Water Systems	55,500
South-Central Wastewater Treatment	C-8117	Irrigation Water Reuse	300,000
Gulf Utility Company	C-8811	Water Reuse Mixing Sys.	300,000
Fort Pierce Utilities	*	Wastewater Reuse	214,000
Okeechobee Utilities	C-8822	Reclaimed Water System	260,000
St. Lucie County Utilities	C-8864	Water Main	300,000
Fort Pierce Utilities	*	Aquifer Storage And Recovery	289,000
Broward County	C-8851	Reclaimed Water System	97,020
Lee County	*	Aquifer Recharge	285,000
St. Lucie West Services	C-8867	Side Stream Treatment Sys.	85,000
Glades County	C-8823	Effluent Reuse Project	300,000
Managerial Reserves			441,256
Total			<u>\$5,676,976</u>

\* An agreement has not been executed.